

BUSINESS IDEA FOR MAKING MILK POWDER

Introduction

This business idea is for the production and marketing of powder milk. The business idea is premised on the production of 52,000 kg of powder milk per month which translates into 624,000 kg per year. The revenue potential is estimated at US\$ 208,000 per month which translates into US\$ 2,496,000 per year. The project cost is US\$ 1,688,194.

Production Process

Milk bubbles are sprayed in hot air for 3-30 seconds. The water particles from the milk get evaporated and remain as powder. As this happens in fractions of time, the healthy particles of milk are protected.

Market

Milk products are consumed countrywide. There is a ready market for dairy products in Uganda. The major players in this business include; Jesa Farm, KGB of Mbarara, and Sameer Agric and Livestock Industry, e.t.c.

Tools and Equipment in US\$

Item	Unit	Qty	Unit Cost	Total
Auto miser	No.	1	10,000	10,000
lactoscan	No.	1	250	250
Parking machine	No.	1	9,000	9,000
storage containers	No.	2	250	500
Milk sampler	No.	1	25	25
Milk reception unit	No.	1	10,000	10,000
Delivery van	No.	3	2,500	7,500
Total cost of Machinery				37,275

Production and Operating Costs in US \$

Direct Materials, Supplies and Costs

Cost Item	Units	Unit Cost/day	Qty/day	Prod. cost/day	Prod. Cost/month	Prod. Cost/year
Milk	Ltrs	0.3	20,000	5,000	130,000	1,560,000
Packaging materials	ctn	5.0	10	50	1,300	15,600
Sub-total					131,300	1,575,600
General costs (Overheads)						
Utilities (power)					300	3,600
Utilities (water)					200	2,400
Fuel					1,500	18,000
Salaries					2,500	30,000
Rent					1,000	12,000
Depreciation (Assets write off) Expenses					777	9,319
Sub-total					6,277	75,319
Total Operating costs					137,577	1,650,919

Production assumed 312 days per year with a daily capacity of 20,000 Liters of powder milk.

Depreciation (fixed assets write off) assumes 4 years life of assets write off at 25% per year for the delivery vans.

Direct costs include materials, supplies and other costs that directly go into production of the product.

Product Cost and Price Structure in US\$

Item	Qty/day	Qty/yr	Unit Cost	Prod. Cost /year	Unit price	Total revenue
Powder milk	2,000	624,000	2.6	1,650,919	4.0	2,496,000
				1,650,919		2,496,000

Profitability Analysis in US\$

Profitability item	per day	per month	per year
Revenue			
Powder milk	8,000	208,000	2,496,000
Less Prod & Operating Costs	5,291	137,577	1,650,919
Profit	2,709	70,423	845,081

Source of Supply of Equipment and Rawmaterials

Equipment is readily available from Snowman's Centre Plot 89, 7th street, Industrial Area, Kampala Uganda and Milk is supplied by Local Dairy Farmers in Uganda.

Government Incentive

Government is supporting dairy farmers through funding the sector and has scrapped taxes on dairy products.